

Message Text

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PAGE 01 ASUNCI 02865 212051Z

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 /014 W

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R 211909Z JUL 75

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 5359

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: BEXP, PA

SUBJECT: ITAIPU HYDROELECTRIC PROJECT, GENERAL ELECTRIC
COMMENTS

REF: A) ASUNCION 2561; B) STATE 168333

1. ALTHOUGH IT IS IMPOSSIBLE TO KNOW WITH CERTAINTY THE REASONS BEHIND DEBERNARDI'S REMARKS REPORTED REFTEL (A), EMBASSY IS OF OPINION THAT A SINGLE VISIT WHICH TOOK PLACE OVER THREE MONTHS AGO AND LASTED ONLY HOUR AND HALF WOULD NOT BE CONSIDERED BY DEBERNARDI AS ANYTHING MORE THAN CASUAL CONTACT. THE FACT THAT GENERAL ELECTRIC APPARENTLY CONSIDERS IT OTHERWISE IS PERHAPS AN INDICATION OF PART OF THE PROBLEM.

2. AS EMBASSY HAS REPORTED ON NUMEROUS OCCASIONS, PARAGUAY CONSIDERS ITSELF A FULL PARTNER IN THE ITAIPU HYDROELECTRIC PROJECT. THERE IS GREAT SENSITIVITY ON THE PART OF PARAGUAYAN OFFICIALS, ESPECIALLY THE PRINCIPAL PARAGUAYAN DIRECTORS OF ITAIPU, TO ANY REAL OR IMAGINED "SECOND CLASS" TREATMENT BY POTENTIAL INTERNATIONAL SUPPLIERS. IT IS ESSENTIAL THAT U.S. SUPPLIERS UNDERSTAND THAT PARAGUAYAN ITAIPU OFFICIALS EXPECT TO RECEIVE TREATMENT EQUAL TO THAT RECEIVED BY THEIR BRAZILIAN COUNTERPARTS.

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3. ANOTHER POSSIBLE FACET OF DEBERNARDI'S CONCERN

IS THE REPORTED FACT THAT THE EUROPEAN CONSORTIUM HAS BEEN DISCUSSING CONCRETE PROPOSALS AS WELL AS BIDDING APPROACH, OVER A PERIOD OF SEVERAL WEEKS, WITH KEY PARAGUAYAN ITAIPU DIRECTORS. THUS IT APPEARS LIKELY TO EMBASSY THAT DEBERNARDI IS REFERRING NOT ONLY TO EQUAL TREATMENT BY G.E. FOR PARAGUAYAN DIRECTORS, BUT TREATMENT (I.E., SERIOUS DISCUSSIONS OVER EXTENDED PERIOD), FROM G.E. AND ASSOCIATED EQUAL TO THAT RECEIVED FROM REPRESENTATIVES OF EUROPEAN CONSORTIUM.

4. THERE IS OBVIOUSLY NO MAGIC ANSWER TO RESOLVING THE PROBLEM PRESENTED BY DEBERNARDI'S REMARKS. HOWEVER, EMBASSY SUGGESTS THAT SIGNIFICANTLY GREATER EFFORT MUST BE MADE IN CULTIVATING DEBERNARDI AND DISCUSSING PROPOSALS WITH HIM THAN THAT EXPENDED TO DATE.
BRIGGS

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